

m/037/027



State of Utah

Department of
Natural Resources

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Division of
Oil, Gas & Mining

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Lieutenant Governor

November 24, 2004

To: Mark Mesch, Acting Associate Director of Mining

Thru: Daron Haddock, Minerals Permit Supervisor

From: Steve Schneider, Oil & Gas Audit Manager

Re: Union Carbide Corporation Financial Review

I have reviewed the current annual report recently provided by Union Carbide Corporation. In addition, I have secured the Union Carbide Corporation financial statement for the most current quarter, September 30, 2004, from the Securities and Exchange Commission website at www.sec.gov.

Union Carbide's financial condition, as shown on the attached schedule, fails the minimum specifications as identified on the self-bonding qualification form. The financial ratio of current assets/current liabilities does not meet the minimum and the financial ratio of total liabilities/net worth exceeds the maximum.

I can be reached at 538-5328 if there are additional questions.

Attachment

UNION CARBIDE CORPORATION

	<u>2002</u>	<u>2003</u>	<u>9/30/2004</u>
Current Assets / Current Liabilities (Minimum of 1.2)	0.82	0.99	0.89
Total Liabilities / Net Worth (Maximum of 2.5)	5.81	3.69	2.79

FINANCIAL STATEMENT DATA
(Millions of Dollars, Worldwide)

	<u>2002</u>	<u>2003</u>	<u>9/30/2004</u>
Current Assets	1,420	1,041	1,043
Current Liabilities	1,728	1,049	1,171
Total Liabilities	6,325	5,116	4,968
Tangible Net Worth (Minimum of 10 Million)	1,040	1,339	1,739
Fixed Assets (Minimum of 20 Million in U.S.)	2,545	2,243	2,101

Prepared by: Steve Schneider
Utah Division of Oil, Gas & Mining
11/24/2004